Rep. Melancon Supports Bill To Protect Student Loans from Current Credit Crisis
April 17, 2008

WASHINGTON, D.C. - Today, U.S. Rep. Charlie Melancon voted in support of legislation to ensure that the turmoil in the U.S. financial markets does not keep students and families from accessing the federal student loans they need to pay for college. By a strong bipartisan vote of 383 to 27, the House passed the Ensuring Continued Access to Student Loans Act of 2008 (H.R. 5715), which would expand access to college aid and guard it against the current credit crunch.

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"Students and their families across Louisiana are calculating right now how much in savings and financial aid they will have for college next year," said Rep. Melancon. "By ensuring that they continue to have access to federal college loans, this bill will relieve a lot of anxiety for many Louisianians who depend on financial aid for their higher education. Students who are willing to work hard should have every opportunity to earn a college degree, and I am proud to support them by voting for this legislation."

The Ensuring Continued Access to Student Loans Act of 2008 (H.R. 5715) would provide new protections, in addition to those that already exist under current law, to ensure that families continue to have timely, uninterrupted access to federal college loans in the event that the stress in the credit markets leads a significant number of lenders to substantially reduce their activity in the federally guaranteed student loan program.

The Ensuring Continued Access to Student Loans Act of 2008 is the third major bill Rep. Melancon has voted for in the past year to make college more affordable and accessible for all qualified students. In February, Rep. Melancon voted for the College Opportunity and Affordability Act (H.R. 4137), which would reform and strengthen the nation's higher education programs to ensure that they operate in the best interests of students and families. Last year, Rep. Melancon supported and Congress enacted into law the
College Cost Reduction and Access Act

, a $20 billion increase in college financial aid over the next five years, the largest increase in student aid since the G.I. Bill of 1944.

The Ensuring Continued Access to Student Loans Act would further help students and their families pay for higher education by:

• Reducing borrowers' reliance on costlier private college loans by increasing the annual loan limits on federal college loans by $2,000 for undergraduate students, and by increasing the aggregate (the total loan limit over the course of a student's education) loan limits to $31,000 for dependent undergraduates and $57,500 for independent undergraduates;

• Give parent borrowers more time to begin paying off their federal PLUS loans by providing them with the option to defer repayment until up to six months after their children leave school - giving families more flexibility in hard economic times.

• Help struggling homeowners pay for college by making sure that short-term delinquencies in mortgage payments don't prohibit otherwise eligible parents from being able to borrow parent PLUS loans. Under current law, parents with an adverse credit history are ineligible to receive a parent PLUS loan, except under extenuating circumstances. The legislation would temporarily classify as an extenuating circumstance delinquencies on home mortgages of up to 180 days, therefore making it possible for parents who are being strained by the current housing market to secure loans for their children;

• Clarify that existing law gives the U.S. Education Secretary the authority to advance federal funds to guaranty agencies in the event that they do not have sufficient capital to originate new loans, and allow guaranty agencies to carry out the functions of lender of last resort on a school-wide basis. Under the Higher Education Act, these guaranty agencies are obligated to serve as a nationwide network of lenders of last resort if requested to do so by the Education Secretary; and

• Give the U.S. Education Secretary the temporary authority to purchase loans from lenders in the federal guaranteed loan program, ensuring that lenders continue to have access to capital to originate new loans. The Education Department would be authorized to purchase loans only if doing so would not result in a net cost for the federal government.